



Montana Department of Revenue

Current Law

Assumptions (as per decision point mapping document)

Phase In: Yes – 6 years

Tax Rates

| | |
|-------------------------------|--------------|
| Class 3 Tax Rate: | <u>3.01%</u> |
| Class 4 Residential Tax Rate: | <u>3.01%</u> |
| Class 4 Commercial Tax Rate: | <u>3.01%</u> |
| Class 10 Tax Rate: | <u>0.35%</u> |

Exemptions

| | |
|----------------------|--------------|
| Homestead Exemption: | <u>34.0%</u> |
| Comstead Exemption: | <u>15.0%</u> |

Circuit Breaker

Existing income-based property tax relief programs

Additional Features

The tax rates are not decoupled.

There are not staggered or fixed dollar exemptions.

Standards Used in Analysis by Department of Revenue – Tax Policy and Research

Mills

All mills float. The individual home examples and individual business examples use the average consolidated mills. This includes the 6 university mills, the 95 school mills, all mills levied by local jurisdictions and schools.

Growth

The analysis uses the OBPP growth rates for each class of property to estimate the growth in newly taxable property. Every proposal will show additional income in future years from revenue generated from mills on this new property and inflationary increases allowed under 15-10-420, MCA. The comparison between current law and the proposal will show the amount of mitigation.

The impact on property in the reappraisal classes is based on properties whose percentage growth in value due to reappraisal is within the International Association of Assessing Officers' recommended limits. All properties existing in tax year 2008 are included, but the percentage applied to estimate the appreciation in value does not incorporate the extraordinary changes from properties outside these limits.